

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA

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FOLLOWING REPEAT STATE 124305 ACTIONWELLINGTON GENEVA INFO
OECD PARIS MTN GENEVA DATED 28 MAY 75
QUOTE

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E.O. 11652: N/A

TAGS:ETRD

SUBJECT: ANNOUNCEMENT OF 1975-76 IMPORT LICENSING SCHEDULE

REF: (A) WELLINGTON 864, (B) STATE 55008, (C) GENEVA 2613

1. U.S. IS CONCERNED THAT RECENT TIGHTENING OF IMPORT
LICENSING SCHEDULE FOR 1975-76 HAS BEEN PROMPTED BY
RENEWED BALANCE OF PAYMENTS AND EMPLOYMENT PRESSURES IN
NEW ZEALAND (REF. A). THIS DECISION TO MAINTAIN DOMESTIC
EMPLOYMENT AND PRODUCTION BY TIGHTER TRADE CONTROLS APPEARS
TO RUN COUNTER TO GNZ COMMITMENT UNDER OECD TRADE PLEDGE
SINCE IT IS A UNILATERAL MEASURE WHICH
RESTRICTS IMPORTS.

2. WE ARE CONCERNED THAT THE TIGHTENING OF IMPORT RESTRIC-
TIONS PLACES A BURDEN ON ALL NZ TRADING PARTNERS, AND
INCREASES THE RISK OF RETALIATORY ACTIONS BY THEM. WE HAVE
MADE SIMILAR REPRESENTATIONS TO AUSTRALIA (REF. B) SINCE
SUCH MEASURES TEND TO AGGRAVATE CURRENT WORLDWIDE ECONOMIC
DIFFICULTIES AND INHIBIT THE BROAD EFFORT OF TRADE REFORM
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WE AND OTHER PARTICIPANTS ARE NOW EMBARKED ON IN THE MTN.

3. WE REALIZE THAT GNZ HAS ATTEMPTED TO LIBERALIZE ITS TRADE POLICY OVER THE PAST FEW YEARS IN LINE WITH ITS COMMITMENTS IN THE 1972 GATT BOP CONSULTATIONS TO REPLACE IMPORT LICENSING BY TARIFFS AS THE MAIN MEASURE OF PROTECTION BY 1976. HOWEVER, THE REPORT OF THE 1972 BOP

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CONSULTATIONS TO REPLACE IMPORT LICENSING BY TARIFFS AS THE MAIN MEASURE OF PROTECTION BY 1976. HOWEVER, THE REPORT OF THE 1972 BOP CONSULTATIONS (GATT, BOP/ R/60, PG. 9) CONCLUDED BY URGING THE GNZ TO "SUBSTANTIALLY ACCELERATE THE REVIEW AND REMOVAL OF THE REMAINING RESTRICTIONS, WHICH WERE IMPOSED UNDER ARTICLE XII OF THE GENERAL AGREEMENT." FOR THIS REASON WE REGRET THE ANNOUNCED TIGHTENING OF IMPORT LICENSES AND BELIEVE IT IS UNWARRANTED.

4. ASIDE FROM THE TIGHTENING OF IMPORT LICENSING, OF PARTICULAR CONCERN TO U.S. ARE THE IMPLICATIONS OF RECENT NEW IMPORT CONTROLS ON WOVEN POLYESTER FABRICS AND WARP KNITTED FABRICS WHICH LIMIT IMPORTS, STARTING APRIL 1, 1975, TO 60 PERCENT IN VOLUME TERMS OF 73/74 IMPORTS. (REF. C). SINCE OUR STATISTICS INDICATE U.S. EXPORTED ABOUT U.S. \$2,881,000 IN WOVEN POLYESTER FABRICS AND U.S. \$335,000 IN WARP KNITTED FABRICS TO NZ IN CY 1974, WE ACCEPT GNZ OFFER "TO CONSULT WITH CPS HAVING A SUBSTANTIAL TRADE INTEREST." (FYI GNZ IS NOT A PARTICIPANT IN THE MULTILATERAL FIBERS AGREEMENT. END FYI)

5. EMBASSY IS REQUESTED TO MAKE REPRESENTATIONS TO APPROPRIATE LEVEL GNZ OFFICIALS INDICATING OUR CONCERN WITH RECENT TIGHTENING OF TRADE RESTRICTIONS AND THEIR EFFECT ON WORLD TRADE. EMBASSY MAY ALSO QUERY APPROPRIATE GNZ OFFICIALS CONCERNING PERCENTAGE OF IMPORTS REGULATED BY IMPORT LICENSING AND BASIS FOR MAINTENANCE OF IMPORT LICENSES AFTER CESSATION OF GATT ARTICLE 12 INVOCATION IN 1972. EMBASSY SHOULD SEEK ASSURANCES FROM GNZ THAT ITS LICENSING PROGRAM WILL BE ELIMINATED AS SOON AS POSSIBLE. IN VIEW OF OUR GENERAL CONCERN WITH THE LIMITED OFFICIAL USE

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PROLIFERATION WORLDWIDE OF TRADE RESTRICTIONS, WE BELIEVE SUCH ACTIONS SHOULD BE DISCUSSED IN BOTH GATT AND OECD FORA.

6. MISSION GENEVA IS REQUESTED TO CONTACT APPROPRIATE GNZ OFFICIALS TO REQUEST CONSULTATIONS ON WOVEN POLYESTER FABRICS AND WARP KNITTED FABRICS UNDER GATT ARTICLE XIX. INGERSOLL UNQUOTE

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